

CITY OF BETHLEHEM TAX BUREAU

EMPLOYER INSTRUCTIONS FOR EMERGENCY & MUNICIPAL SERVICES TAX (EMST)

CITY OF BETHLEHEM AND HANOVER TOWNSHIP, NORTHAMPTON COUNTY EMPLOYERS:

Pennsylvania legislation was enacted into law on December 1, 2004 (PA Act 222 of 2004) that changed the Occupational Privilege Tax (OPT) to an "Emergency and Municipal Services Tax" (EMST) and changed the maximum rate of the tax from \$10.00 to \$52.00 per year.

The City of Bethlehem has already advertised their intent to levy this new tax at the \$52.00 rate effective January 1, 2005. City Council adopted the new tax is scheduled for by ordinance on January 4, 2005.

The Bethlehem Area School District has contracted with the City of Bethlehem to continue to collect their portion of the EMST. Hanover Township, Northampton County employers are required to withhold \$5.00 per employee and to remit payment to the City of Bethlehem.

The new ordinance provides employer withholding requirements for the EMST similar to those for the OPT. Unfortunately, the Pennsylvania General Assembly failed to amend the legislation so that employers could make multiple deductions of the EMST to collect the \$52.00 tax from their employees. However, the City of Bethlehem will allow employers to divide the tax deduction over the 1st four pay periods an employee works for you. (You could make four \$13.00 deductions). However, if you choose this option, and an employee discontinues employment, you must deduct the remaining balance of the tax from the employee's final paycheck. **Just like the OPT, the employer is responsible to pay the tax themselves if they fail to make the required deduction!**

IMPORTANT: You received this notice because our records indicate that you have employees working within the City of Bethlehem or Hanover Township, Northampton County. If you have multiple business locations within the Bethlehem Area School District, the increased amount will only apply to your employees at your City of Bethlehem location(s). Please check with the municipality(s) where your other business location(s) are located for their OPT/EMST rate.

DETAILED EMPLOYER INSTRUCTIONS

SECTION 1. JURISDICTIONS LEVYING THE EMERGENCY & MUNICIPAL SERVICES TAX

Northampton County
City of Bethlehem
Hanover Township

Lehigh County
City of Bethlehem

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SECTION 2. TYPE AND AMOUNT OF TAX

The EMERGENCY & MUNICIPAL SERVICES TAX is an annual, flat \$52.00 tax levied and assessed upon the privilege of engaging in an occupation within the City of Bethlehem. For those in Hanover Township, Northampton County, the \$5.00 EMST for the Bethlehem Area School District is still applicable and should be remitted to the City of Bethlehem.

SECTION 3. DUTY OF EMPLOYERS

Each employer within any taxing jurisdiction named in SECTION 1, as well as those employers situated outside any named taxing jurisdiction but who engage in business within any named taxing jurisdictions, is hereby charged with the duty of collecting from each of his employees engaged by him and performing for him within any named taxing jurisdiction said tax and making a return and payment thereof to the Tax Administrator (City of Bethlehem). Further, each employer is hereby authorized to deduct this tax from each employee performing services in any named taxing jurisdiction whether such employee is paid by salary, wage, or commission. If any employer fails to withhold and/or pay said tax, whether or not he makes collection thereof from the salary, wages, or commissions paid by him to said employee, he shall be responsible for the payment of the tax, in full, as though the tax had been originally levied against him.

SECTION 4. DATES FOR DETERMINING TAX LIABILITY AND PAYMENT OF EMERGENCY & MUNICIPAL SERVICES TAX

Each employer shall use his employment records from the 1st of January to the 31st of March for determining the number of employees from whom said tax shall be deducted for the 1st quarter and pay to the Tax Collector on or before April 30th of the current year. Supplemental reports shall be made by each employer of new employees as reflected on his employment records for the remaining three quarters as follows:

<u>Quarter</u>	<u>Due Date</u>
2 nd (April 1 to June 30)	July 31 of the current year
3 rd (July 1 to September 30)	October 31 of the current year
4 th (October 1 to December 31)	January 31 of the following year

SECTION 5. RETURNS

EMPLOYER IDENTIFICATION NUMBER: Every employer already has or will be assigned a unique identification number. This number must be used on all correspondence with the City of Bethlehem Tax Bureau.

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Each employer shall prepare and file the following returns:

- (A) FORM EMST-1 EMPLOYER'S RETURN This return is an employer's summary of tax withheld from his employees for a calendar quarter. Instructions for filing Form EMST-1 are listed on the reverse side of this form.
- (B) FORM EMST-2 EVIDENCE OF DEDUCTION CERTIFICATE This form must be completed by an employer for each employee from whom the tax was withheld. A substitute form is acceptable provided it includes the following information: the tax year, amount of tax, date withheld, taxing jurisdiction, employer's name and ID number, and employee's name, address and social security number.

The employer should retain one copy of the EMST-2 for his records, one copy should be given to the employee for whom the deduction was taken and one copy should be remitted to the City of Bethlehem Tax Bureau. A regulation change initiated in tax year 2000 requires that employers remitting for 250 or more employees must report the information to the City of Bethlehem Tax Bureau via magnetic media instead of paper forms. For more information on this topic please contact the Tax Bureau at (610) 865-7022.

SECTION 6. INDIVIDUALS ENGAGED IN MORE THAN ONE OCCUPATION

Each individual who shall have more than one occupation shall be subject to the payment of this tax on his principal occupation, and his principal employer shall deduct this tax and deliver to him evidence of deduction on Form EMST-2 (or substitute form), which form shall be evidence of deduction having been made, and when presented to any other employer shall be authority for such employer to not deduct this tax from the employee's wages.

If your employee had the tax withheld by another employer in another municipality, at less than \$52 (as evidenced by the employee's EVIDENCE OF DEDUCTION CERTIFICATE) you, the current employer, will be required to withhold the balance of the tax up to the City of Bethlehem EMST total of \$52. If your employee cannot produce an EVIDENCE OF DEDUCTION CERTIFICATE you must withhold the entire \$52 levied by the City of Bethlehem.

The City of Bethlehem Tax Bureau will furnish EMST-2's (evidence of Deduction Certificates) to the employer upon request.

SECTION 7. INTEREST AND PENALTIES—OVERDUE TAX

If for any reason this tax is not paid when due, interest at the rate of ½% per month on the amount of said tax shall be due, beginning with the due date of said tax, and a penalty of 5% shall be added to the flat rate of said tax in addition to any interest. Where suit is brought for the recovery of this tax, the individual liable therefore shall, in addition, be responsible and liable for the costs of collection.

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PLEASE NOTE: There is an exemption from the EMST for individuals whose total income from all sources is less than \$ 1,000. It is the responsibility of the City of Bethlehem Tax Bureau to determine if an individual meets the \$ 1,000 exemption. Employers are required to withhold the tax from all employees, unless your employee produces a receipt showing the employee already paid the \$ 52 EMST. Employers should retain a copy of the employee's receipt to avoid having the tax assessed against the employer for "failure to withhold".

SECTION 8. REFUNDS OF EMERGENCY & MUNICIPAL SERVICES TAX

The City of Bethlehem Tax Bureau will be receiving and reviewing requests for refunds of the Emergency & Municipal Services Tax. Please direct your employees who have had the tax withheld more than once to contact our office for the Refund Request Forms. The City of Bethlehem Tax Bureau will attempt to respond to EMST Refund requests within two weeks.

If you should have any questions regarding the withholding or remittance of the Emergency & Municipal Services Tax please do not hesitate to contact the City of Bethlehem Tax Bureau.

If you wish to receive a written ruling regarding the Emergency & Municipal Services Tax please furnish a written request to the City of Bethlehem Tax Bureau, c/o Tax Administrator.

DISCLOSURE STATEMENT: You are entitled to receive a written explanation of your rights with regard to the audit, appeal, enforcement, refund and collection of local taxes by calling the City of Bethlehem Tax Bureau at (610) 865-7022 during the hours of 8 a.m. and 4:30 p.m., Monday through Friday.